

**STATE OF ILLINOIS  
SECRETARY OF STATE  
DEPARTMENT OF SECURITIES**

IN THE MATTER OF: KENNETH MACQUEEN; and  
MACQUEEN CAPITAL MANAGEMENT, CORP.

File No: C0300022

**TEMPORARY ORDER OF PROHIBITION**

TO THE RESPONDENTS:

Kenneth MacQueen  
10755 Deer Run Drive  
Orland Park, Illinois 60467-8857  
CRD# 2323098

MacQueen Capital Management, Corp.  
10755 Deer Run Drive  
Orland Park, Illinois 60467-8857

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, who has been fully advised in the premises by the staff of the Securities Department, Office of the Secretary of State, herein find:

**Sale of Unregistered Securities**

1. Kenneth MacQueen ("MacQueen" or jointly with MacQueen Capital, below, "Respondents") is an individual whose last known address is 10755 Deer Run Drive, Orland Park, Illinois 60467-8857. At all relevant times, Respondent was the president of MacQueen Capital Management, Corp.
2. MacQueen Capital Management, Corp. ("MacQueen Capital," or jointly with MacQueen, above, "Respondents") is an Illinois corporation.
3. At all relevant times Respondents managed and sold interests in a private investment fund called The Dividend Reinvestment Fund, LLC, dissolved on 9/6/97, a/k/a Drip Fund ("Drip Fund").
4. Between 1993 and the present Respondents took in deposits in excess of \$1 million from at least ten Illinois residents and two Michigan residents. ("Investors") for investment in the Drip Fund.

5. Most of the Investors were members of the Dutch Reform community in the southwest suburban area of Chicago. Respondent MacQueen approached the Investors and pursued relationships with them for the purpose of selling them interests in the Drip Fund.
6. Respondents' activities described in paragraphs 3-5 involves the offer and sale of investment contracts or investment fund shares and therefore securities as those terms are defined in Sections 2.1, 2.5 and 2.5a of the Act.
7. Section 5 of the Act provides, *inter alia*, that all securities except those set forth under Section 2a of this Act, or those exempt under Section 3 of this Act, or those offered or sold in transactions exempt under Section 4 of this Act, or face amount certificate contracts required to be registered under Section 6 of this Act, or investment fund shares required to be registered under Section 7 of this Act, shall be registered either by coordination or by qualification, as hereinafter in this Section provided, prior to their offer or sale in this State.
8. At the time of the investment the Drip Fund was not registered with the Secretary of State.
9. Section 12.A of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to offer or sell any security except in accordance with the provisions of this Act.
10. Section 12.D of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of this Act.
11. By virtue of the foregoing, Respondent violated Sections 12.A and 12.D of the Act.

#### **Fraud in the Offer of Securities**

12. Between October and December of 2002 (the "Period"), Respondents told at least two of the Investors that the Drip Fund was in a strong financial position and published statements to them that showed it had a portfolio value in excess of \$14 million, when in fact the Drip Fund was valued at under \$100 thousand.
13. During the Period, Respondents continued to accept deposits from the Investors while they were knowingly publishing statements with false and highly inflated values for the Drip Fund to certain individual members of this small inter-related community of Investors.

14. During the Period, Respondents accepted deposits from one or more Investors of at least \$100 thousand; then in January 2003 Respondents paid out at least \$40 thousand of the \$100 thousand to another Investor.
15. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
16. Section 12.G of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.
17. Section 12.H of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act knowing or having reasonable grounds to know any material representation therein contained to be false or untrue.
18. Section 12.I of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.
19. By virtue of the foregoing, Respondents violated Sections 12.F, 12.G, 12.H and 12.I of the Act.

**Fraud in offering Investment Advice**

20. Respondent MacQueen Capital acted as Member-Manager of the Dissolved Drip Fund, L.L.C.
21. The stated purpose of the Drip Fund, L.L.C. was to invest in equity securities.
22. Respondent MacQueen is the President of Respondent MacQueen Capital.
23. Respondents had a compensation arrangement with the Drip Fund for the duties they performed.
24. The activities of Respondent MacQueen Capital described in paragraphs 20-23 constitute the activities of an Investment Advisor.
25. The activities of Respondent MacQueen described in paragraphs 20-23 constitute the activities of an Investment Advisor Representative.

26. Section 12.J of the Act provides, inter alia, When acting as an investment adviser, investment adviser representative, or federal covered investment adviser, by any means or instrumentality, directly or indirectly: (1) To employ any device, scheme or artifice to defraud any client or prospective client; (2) To engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client; or (3) To engage in any act, practice, or course of business which is fraudulent, deceptive or manipulative.
27. By virtue of the foregoing, Respondents MacQueen and MacQueen Capital violated Sections 12.J of the Act.
28. Section 11.F(2) of the Act provides, inter alia, that the Secretary of State may temporarily prohibit, the offer or sale of securities by any person, or the business of rendering investment advice without notice and prior hearing, if the Secretary of State shall deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors that will occur as a result of prior violations of the Act.
29. The entry of this Temporary Order prohibiting Respondent, or its agents, affiliates, and employees, from :
  - i) Offering or selling securities
  - ii) Engaging in the business of rendering investment adviceIn or from the State of Illinois is in the public interest and for the protection of the investing public and is consistent with the purposes intended by the provisions of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, until further Order of the Secretary of State, Respondents Kenneth MacQueen and MacQueen Capital Management, Corp., are prohibited from:

- 1) offering or selling securities in or from this State and
- 2) Engaging in the business of rendering investment advice in or from this State.

NOTICE is hereby given that Respondent may request a hearing on this matter by transmitting such request in writing to Tanya Solov, Director, Illinois Securities Department, 69 West Washington Street, Suite 1220, Chicago, Illinois 60602. Such request must be made within thirty (30) calendar days of the date of entry of the Temporary Order of Prohibition. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order and will extend the effectiveness of this Temporary Order for ninety days from the date the hearing request is received by the Department.

FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

Dated: This 27<sup>th</sup> day of February, 2003.

A handwritten signature in dark ink, appearing to read "Jesse White", followed by a diagonal slash and the initials "aw". The signature is written over a horizontal line.

Jesse White  
Secretary of State  
State of Illinois

Attorneys for the Secretary of State:

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